

**NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
CONSTRUCTION AND PERMANENT FINANCING
DOCUMENT CHECKLIST**

*The Agency intends to provide financing for this project through the sale of taxable, tax-exempt bonds or any other funds available to the Agency. The requirements listed in Section I of this checklist must be satisfied prior to **Declaration of Intent**. The requirements listed in Section II of this checklist must be satisfied prior to a **Mortgage Commitment**. And the requirements in Section III of this checklist must be satisfied prior to the **inclusion in a bond issue**.*

DATE:

PROJECT NUMBER:

PROJECT NAME:

Project Address:

Block:

Lot:

of Units:

Type of Tax Credits:

Set Aside:

Const. Period:

PARALEGAL:

Phone #:

DAG:

Phone #:

LOAN OFFICER:

Phone #:

SPONSORING ENTITY:

OWNER:

(Please note if same as Sponsoring Entity)

Address:

Phone#:

OWNER CONTACT:

Phone#:

SPONSOR'S ATTORNEY:

Address:

Phone#:

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Code to Document Requirements:

A - Document Received and Approved

NA - Not Applicable

R - Document Received and either (1) Under review or (2) Requires modification or update as indicated

** - An asterisk indicates that a New Jersey Housing and Mortgage Financing Agency form document must be used*

All items are required to be submitted by the sponsoring team unless otherwise noted.

I. REQUIREMENTS FOR DECLARATION OF INTENT

SPONSOR:

_____ Application* (Date _____)

_____ Project Narrative

_____ Preliminary Proforma/Cash Flow (Agency Form 10)*

_____ General Site Location Map & Directions

_____ Resume for Sponsor (For Assisted Living Projects, resumes are also required for the service provider and architect)

_____ Evidence of Site Control

_____ Deed

_____ Option Agreement

_____ Contract of Sale

_____ Redevelopment Agreement

_____ Ground Lease or Option to Enter into Ground Lease (keep in mind it is not the same as the Option Agreement listed above)

_____ Other

_____ Resolution of Need from Municipality* (may be included in municipal resolution granting payments in lieu of taxes)

_____ Preliminary Drawings

_____ Additional Requirements for Assisted Living Projects

_____ Certificate of Need

_____ Operator's Questionnaire*

_____ Preliminary Market Study

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____ Preliminary Marketing Plan

____ Additional Requirements for Home Express Loan

____ Home Express Waiver Request*

NJHMFA (All documents in this section will be prepared by NJHMFA):

- ____ Additional Requirements for Home Express Loan
 - ____ Policy Test for Projects
- ____ Site Inspection Report
- ____ Board Resolution for Declaration of Intent (Date _____)
- ____ Declaration of Intent Letter

II. REQUIREMENTS FOR MORTGAGE COMMITMENT

SPONSOR:

- ____ Formation Certificate for Sponsor and Managing Entity
(Advise NJHMFA prior to formation if contemplating an Urban Renewal entity N.J.S.A. 40A:20-1 et seq.)
 - ____ Certificate of Limited Partnership
 - ____ Certificate of Formation (Limited Liability Company)
 - ____ Certificate of Incorporation (required for a corporate sponsor and for any corporate general partner or managing member and for any corporate limited partner assigning syndication proceeds)
 - ____ Certificate of Formation for Managing Member
- ____ Corporate Certification and Questionnaire*
 - ____ Sponsoring Entity
 - ____ General Partner (Limited Partnership)
 - ____ Managing Member (Limited Liability Company)
 - ____ Other entity owning 10% or greater interest in sponsoring entity
- ____ Phase I Environmental Assessment Report (pursuant to N.J.A.C. 7:26E-3.2)
- ____ Phase II Environmental Report (pursuant to N.J.A.C. 7:26E-3.3) if applicable
- ____ Resolution Granting Preliminary Site Plan Approval and Any Zoning Variances from Municipality and County. (Resolution with Proof of Publication)
- ____ Street Vacation Ordinances (Resolution with Proof of Publication)
- ____ Municipal Resolution Granting Payments in Lieu of Taxes*
 - ____ Agency statute is N.J.S.A. 55:14K-37.

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- _____ The Long Term Tax Abatement falls under N.J.S.A. 48:20-1.
- _____ Agreement for Payment in Lieu of Taxes*
- _____ Financing Commitments from Other Funding Sources
- _____ Equity Commitments
- _____ Executed Rental Assistance Agreements if applicable
- _____ HUD Risk Share Insurance, if applicable
 - _____ Environmental Assessment and Compliance Findings, HUD Form 4128
 - _____ HUD Form Field Notes Checklist
 - _____ Request for Release of Funds and Certification, HUD Form 7015.15
 - _____ Application/Recipient - Disclosure, HUD Form 2880
 - _____ Previous Participation Certificate, HUD Form 2530
- _____ Affirmative Fair Housing Marketing Plan*
- _____ Housing Resource Center (“HRC”) registration of project entity

ARCHITECT/ENGINEER:

- _____ Architect's Contract*
- _____ Soils Test
- _____ Design Development Drawings and Specifications
- _____ Survey (2 Sealed Originals Certified to Sponsor, NJHMFA and Title Company)
- _____ Certified Land Description
- _____ Confirmation of Availability of Utility Services (electric, gas, water, sewer)
 - _____ Letter from Utility Companies
 - _____ Resolution from Municipal/County Authority, if applicable
- _____ Personal Certification and Questionnaire for Architect of Record *
- _____ Corporate Certification and Questionnaire for Architectural Firm*
- _____ Criminal Background Check for Architect of Record*

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____ Architect's Errors and Omission Policy/Certificate of Insurance (naming NJHMFA as Certificate Holder)

CONTRACTOR:

____ Evidence of ability to obtain 100% Payment & Performance Bond (With Sponsor and NJHMFA as Obligees)

____ Final Summary Trade Payment Breakdown* or AIA Form 703 (Schedule of Values)

NJHMFA (All documents in this section will be prepared or obtained by NJHMFA):

____ Additional Requirements for Home Express Loan
____ Home Express Loan Commitment Letter from DCA Commissioner

____ Appraisal/Market Study

____ HUD Risk Share Insurance, if applicable
____ Advertisement Request for Release of Funds
____ HUD Firm Approval Request
____ HUD Firm Approval Letter
____ Subsidy Layering Memo (Non-HOPE VI Projects)

____ Board Resolution Authorizing Mortgage Commitment and Commitment Proforma/Cash Flow (Agency Form 10)* (Date _____)

____ Commitment Letter and Indemnification Deposit (Commitment Letter to be executed by Sponsor and returned with Deposit within 10 days of mortgage commitment)*

III. ADDITIONAL REQUIREMENTS FOR INCLUSION IN A BOND SALE

SPONSOR:

____ Personal Questionnaire for Directors and Officers of Sponsoring Entity, Individuals Serving as General Partner or Managing Member, and any individual owning 10% or greater interest in sponsoring entity*

____ Criminal Background Check for Directors and Officers of Sponsoring Entity, Individuals Serving as General Partner or Managing Member, and any individual owning 10% or greater interest in

sponsoring entity*

- _____ Current Operations Agreement for: (Check Which Applies)
 - _____ Sponsoring Entity (By-laws: Corporation; Partnership Agreement: Limited Partnership; Operating Agreement: Limited Liability Company)
 - _____ General Partner or Managing Member of Sponsoring Entity (Must contain NJHMFA Statement)
- _____ DRAFT Operating Agreement for Sponsoring Entity as it will exist once Limited Partner investor is included.
 - _____ Also need for General Partner/Managing Member if not same as original sponsoring entity.
- _____ Certificate of Good Standing, from State of Formation, for Sponsoring Entity and All General Partner(s) or Managing Member(s) and for Limited Partner(s) Assigning Syndication Proceeds
- _____ New Jersey Secretary of State Authorization to do Business in New Jersey for any Out-of-State Sponsoring Entity
- _____ TEFRA Certification (tax-exempt projects only)*
- _____ Sales Tax Exemption Certificate* (state forms)
- _____ Final Site Plan Approval
- _____ Title Insurance Commitment (update required for closing)
 - _____ Tax Search
 - _____ Assessment Search
 - _____ Municipal Water/Sewer Utility Search
 - _____ Judgment Search
 - _____ Corporate Status and Franchise Tax Search
 - _____ Flood Certification
 - _____ Closing Protection Letter for Title Officer Attending Closing
 - _____ Survey Endorsement
 - _____ Title Rundown Confirmation (in writing)
 - _____ Copies of All Instruments of Record
 - _____ First Lien Endorsement
 - _____ Environmental 8.1 Endorsement
- _____ Construction Draw Schedule with Order of Draw
- _____ Cash or Letter of Credit for Negative Arbitrage and/or Cost of Issuance

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- _____ Owners Tax Certificate (original to go to Bond Counsel)
- _____ Attorney Opinion Letter (for bond sale; additional opinion required for permanent loan closing)

CONTRACTOR:

- _____ Corporate Certification and Questionnaire for Contractor*
- _____ Personal Certification and Questionnaire for Officers, Directors of Contractor and Individuals with Management Control, and individuals owning 10% or greater interest in contracting entity*
- _____ Criminal Background Check for Contractor's Officers, Directors and Individuals with Management Control, and individuals owning 10% or greater in contracting entity*
- _____ Contractor's Liability Insurance (naming Sponsor and NJHMFA as First Mortgagee, Additional Insured and Loss Payee)
- _____ Certificate of Incorporation
- _____ Certificate of Good Standing from State of Formation
- _____ New Jersey Secretary of State Authorization to do Business in New Jersey for Out-of-State Contractor
- _____ Construction Contract with current prevailing wages attached*
- _____ Building Permits

NJHMFA (All documents in this section will be prepared by NJHMFA):

- _____ Bond Proforma/Cash Flow (Agency Form 10)*
- _____ TEFRA Notice
- _____ Agreement as to Interest Rate and Mortgage Amount
- _____ Construction and Permanent Financing Agreement*

IV. CLOSING REQUIREMENTS (All items are due at least two weeks before closing)

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SPONSOR:

- _____ Final Executed Operations Agreement for Sponsoring entity and General Partner(s) or Managing Member(s) (as applicable) (Final needed at Closing)
 - _____ Partnership Agreement (LP) with HMFA Statement
 - _____ Operating Agreement (LLC) with HMFA Statement
 - _____ By Laws (Corporation) with HMFA Statement (*HMFA Statement required for sponsoring entity only*)
- _____ Sponsor Resolution to Open Construction Bank Account
- _____ Bank Account Signature Cards
- _____ Checks and Wiring Instructions for Construction Bank Account (to include signature line for NJHMFA)
- _____ Builder's Risk Insurance (naming NJHMFA as First Mortgagee, Additional Insured and Loss Payee)
- _____ Flood Insurance, if applicable (naming NJHMFA as First Mortgagee, Additional Insured and Loss Payee)
- _____ Filed Notice of Settlement
- _____ Deed Evidencing Title in Sponsor's Name (if applicable)
- _____ Seller's Affidavit of Title and Corporate Resolution to Sell (if applicable)
- _____ Mortgagor's Affidavit of Title*
- _____ Resolution to Borrow*
- _____ Counsel Opinion from Sponsor, Attorney*
- _____ Payoff Letter for Any Mortgages or Other Liens to be Discharged
- _____ CPA Engagement Agreement*
- _____ Closing Bills: invoices for payment; paid invoices and cancelled checks for reimbursement
- _____ Agency Board and Other Sponsor Requirements

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_____ Housing Resource Center (“HRC”) registration of project

ARCHITECT/ENGINEER:

_____ Final Contract Drawings and Specifications

_____ Evidence of completion of Environmental Remediation Plans (if applicable)

CONTRACTOR:

_____ Termite Certification (for rehab) or Certification from Contractor that Treated Lumber will be Used (for New Construction)

_____ Prevailing Wages Documentation

_____ 100% Payment and Performance Bond naming Sponsor and NJHMFA as Oblige*

NJHMFA:

_____ Closing Proforma/Cash Flow (Agency Form 10)*

_____ Receipt of Other Funding Sources

_____ Closing Statement and Check Register

_____ Loan Documents*

_____ Financing, Deed Restriction and Regulatory Agreement

_____ Mortgage Note

_____ Mortgage & Security Agreement

_____ Assignment of Leases

_____ UCC-1 Financing Statement

_____ Assignment of Syndication Proceeds signed by Investor and Sponsor

_____ Disbursement Agreement (if applicable)

_____ Escrow Closing Agreement

_____ Tax Credit Documents* (Check Which Applies)

_____ 42M Letter (for projects using tax-exempt financing) OR

_____ Reservation Letter (for projects awarded competitive tax credits)

_____ Carryover Allocation or Binding Forward Commitment or 8609

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___ Tax Credit Deed Restriction

___ Tax Credit Reservation fee

___ Merrill Lynch Escrow Account forms* *[for Buyer]*

Escrow Indemnification Letter *

Working Capital Management Account Agreement *

Agreement for Multiple WCMA Accounts *

Escrow Letter *

V. POST-CLOSING REQUIREMENTS

MANAGEMENT AGENT:

___ Management Agreement Package**(in triplicate)*

___ Self-Managed (NJHMFA form MD 103.2)

___ Broker Managed (NJHMFA form MD 103.1)

SPONSOR:

___ Certificate of Occupancy covering all units

___ Final As-Built Survey (2 sealed originals certified to Sponsor, HMFA and Title Insurance Company showing as-built condition of property including location of all buildings)

___ Final As-Built Drawings

___ Architect's Certificate stating that all warranties and maintenance manuals have been delivered to and received by the Sponsor

___ Architect's Certificate of Substantial Completion (AIA form)

___ Title Policy

___ Recorded Documents

___ Insurance Policy covering Project naming HMFA as: a) First Mortgagee, b) Loss Payee and c) Additional Insured - original policy with paid receipt

___ Certified Sponsor's License (Assisted Living Projects Only)

VI. FINAL MORTGAGE CLOSEOUT

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SPONSOR:

- _____ Release from general contractor*
- _____ Releases from all subcontractors*
- _____ General Contractor's Affidavit*
- _____ Consent of Surety to final payment to Contractor (AIA form)
- _____ Title rundown through date of final disbursement
- _____ Construction Cost Audit from Contractor
- _____ Sponsors Development Cost Audit

NJHMFA:

- _____ Final Mortgage Closing Statement

NJHMFA Provisions to By-Laws of Corporation:

The Corporation acknowledges that any review of the provisions of these By-Laws by the New Jersey Housing and Mortgage Finance Agency ("NJHMFA") is performed in accordance with its responsibility as Lender and is intended only to assure that the Corporation is validly formed according to law, with the legal authority to borrow the funds which will constitute the NJHMFA Mortgage Loan and to operate the Property securing the NJHMFA Mortgage Loan. Notwithstanding any other provisions herein, the Corporation acknowledges and agrees that as a condition of obtaining the NJHMFA Mortgage Loan, that the NJHMFA statutes, rules and regulations and all the financing documents in connection with the NJHMFA Mortgage Loan, are applicable to the Corporation and the Property securing the NJHMFA Mortgage Loan. The Corporation further acknowledges that, except as contained in this Section, the NJHMFA makes no representations express or implied, as to these By-Laws; and the Corporation and the Shareholders shall not rely upon the NJHMFA review of these By-Laws.

HMFA Provisions to Partnership Agreements:

The Partnership acknowledges that any review of the provisions of this Agreement by the New Jersey Housing and Mortgage Finance Agency ("NJHMFA") is performed in accordance with its responsibility as Lender and is intended only to assure that the Partnership is validly formed according to law, with the legal authority to borrow the funds which will constitute the NJHMFA Mortgage Loan and operate the Property securing the NJHMFA Mortgage Loan. Notwithstanding any other provisions herein, the Partnership acknowledges and agrees that as a condition of obtaining the NJHMFA Mortgage Loan, that the NJHMFA statutes, rules and regulations and all the financing documents in connection with the NJHMFA Mortgage Loan, are applicable to the Partnership and the Property securing the NJHMFA Mortgage Loan. The Partnership further acknowledges that, except as contained in this Section, the NJHMFA makes no representations express or implied, as to this Agreement; and the Partnership and the Partners shall not rely upon the NJHMFA review of this Agreement.

NJHMFA Provisions to Operating Agreement of Limited Liability Company (L.L.C.):

The Company acknowledges that any review of the provisions of this Operating Agreement by the New Jersey Housing and Mortgage Finance Agency ("NJHMFA") is performed in accordance with its responsibility as Lender and is intended only to assure that the Company is validly formed according to law, with the legal authority to borrow the funds which will constitute the NJHMFA Mortgage Loan and to operate the Property securing the NJHMFA Mortgage Loan. Notwithstanding any other provisions herein, the Company acknowledges and agrees that as a condition of obtaining the NJHMFA Mortgage Loan, that the NJHMFA statutes, rules and regulations and all the financing documents in connection with the NJHMFA Mortgage Loan, are applicable to the Company and the Property securing the NJHMFA Mortgage Loan. The Company further acknowledges that, except as contained in this Section, the NJHMFA makes no representations express or implied, as to this Operating Agreement; and the Company and the Members shall not rely upon the NJHMFA review of this Operating Agreement.

Technical Services Requirements for **Monitoring Project Construction**

Whether the HMFA is making a permanent take-out loan or a construction and permanent loan, it requires that its Technical Services Division monitor the construction of the project. Listed below are the HMFA requirements please read carefully and be prepared to provide the necessary documentation and co-operation.

Contract Documents

Those documents that comprise a construction contract, the owner/developer-contractor agreement, conditions of the contract { general, supplementary, and other conditions), plans and specifications, all addenda, modifications, and changes thereto, together with any other items stipulated as being specifically included.

Architects Contract

That document that outlines the performance of architectural services, including analysis of project requirements, creation and development of the project design, preparation of drawings, specifications, and bidding requirements and the general administration of the construction contract. As the owner/developer's representative, the design professional should participate in the process by observing and administering the contract for construction including job site inspection, attendance at job site meetings, the creation of meeting minutes, shop drawing review, change order review, punch list inspections and so on.

Summary Trade Payment Breakdown

This document divides the total cost of construction, as established by the construction contract, into various segments related to a specific trade. This "breaking down" of the total cost of construction is reflected on the application for payment and simplifies the determination of a percentage of work complete for the purpose of making payments to the contractor.

Detailed Trade Payment Breakdown

This document further divides and refines the Summary Breakdown above into its constituent parts. For example, the plumbing line on the summary breakdown would be further developed to show its component parts including potable and non-potable water piping, sanitary piping, gas piping, toilet and bath fixtures, kitchen fixtures, and so on. This detailed information further enhances our ability to review project costs as well as to determine a percentage of work complete for the purpose of making payments to the contractor.

Shop Drawings

These documents can be drawings, diagrams, illustrations, schedules, performance charts, brochures, and other data prepared by the contractor or any subcontractor, manufacturer, supplier, or distributor, which illustrate specific portions of the work and how they will be fabricated and installed. The contract documents usually allow for a number of choices in many portions of the work. The shop drawings are the approved choice of the owner/developer and their professional and consultants and I " become reference for Agency inspections during construction.

Payment Requisitions

The contractor prepares the application according to the approved Summary Trade Payment Breakdown or

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Schedule of Values. The contractor submits it to the design professional for approval. The design professional reviews the application in light of his/hers own observations and records and certifies an amount that he/she feels is appropriate. If the HMFA is providing construction financing, then the application for payment is reviewed and approved by a Field Representative and the Director of Technical Services. Otherwise, the requisition is provided for information purposes only.

Change Orders

A written order to the contractor signed by the owner and the architect, issued after the execution of the contract, authorizing a change in the work and/or an adjustment ill the contract sum. These changes may add to, subtract from, or vary the scope of the work. Change orders may also be used to adjust the contract time as originally defined by the contract documents. {If the Agency is providing construction financing, then change orders are approved by a Field Representative and the Director of Technical Services. Otherwise, any change orders are provided for informational purposes only.

Drawing Revisions and/or Clarification Sketches

The design professional as the author of documentation that delineates the final design of the project is t he appropriate administrator of decisions regarding their interpretation. Often, this interpretation and clarification is provided to the contractor in the form of revised drawings with II clouded II areas or by providing smaller sketches which clarify missing or confusing details. These documents enhance or build upon the contract documents and should be provided to the Agency for informational purposes and for use by field staff during project inspection.

Prevailing Wage Reports

If the HMFA is providing construction financing the contractor and it's subcontractors are required to submit certified payroll reports to the Director of Technical Services. These reports will be compared to the prevailing wage with the contract documents. Otherwise, these documents are not required.

Administrative Questionnaires

If the HMFA is providing construction financing, the contractor and its subcontractors are required to complete and submit personal and corporate questionnaires. Otherwise, these documents are not required.

Subcontracts over \$25,000.

If the HMFA is providing construction financing, the contractor is required to submit fully executed subcontracts ion excess of \$25,000. Those documents will be reviewed by the Director of Technical Services for compliance with the contract documents. Otherwise, these documents are not required.

Pre-Construction Meeting

A meeting should be held prior to the notice to proceed being issued. These meetings provide anoportunity to clear up any unfulfilled requirements, define the role of the various members of the construction team, as well as simply providing everyone a chance to get acquainted. **Many loose ends can be tied up in a timely manner at these meetings and they are highly recommended.**

Notice to Proceed

This document is a written communication issued by the owner to the contractor authorizing him/her to proceed with the work. This notice establishes the date of commencement of the work and is directly related to the contractor's time of performance and the assessment of damages for/or delay claims, if applicable. The start date is necessary to create a production schedule and to monitor the contractor's performance and it's compliance with the contract

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documents.

Construction Schedule

The construction schedule sets forth the contractor's estimate of the completion of the project. One of the functions of this document should be to indicate the approximate degree of completion that the owner and lender can expect at each application for payment. In those instances when the Agency is providing permanent financing, the schedule provides insight regarding date of closing, the need to recommit, or the date of occupancy.

Minutes of Meetings

A record of meetings between the parties to the contract is a very important resource. During job meetings discussions could cover a wide range of topics including quality and quantity of work performed to date, change orders, requests for clarification by the contractor to the professional or owner, delays, payments, and so on. Technical Services routinely receives them for construction financed projects and should receive them on all of our permanent financed deals as well.

Architect's Field Report

A/A Document G71 I is designed to document the design professional's compliance with the duty of periodic job site inspections. [The Professional may choose to use his/her own form.] These inspections may identify problems with the work and certain corrective action to be taken ultimately leading to the issuance of Supplemental Instructions.

Bank Inspector's Report

If a lender other than the Agency makes construction inspections, Technical Services would like to be provided copies of these reports for our review and possible comment.